

WARNING

This unofficial copy of the ITB is for informational purposes only. Before preparing and submitting a response you must receive the official ITB and all required forms from the Alabama Department of Finance, Division of Purchasing. Bids submitted without all forms and attachments required by the Division of Purchasing will be rejected.

For further information, visit the Division of Purchasing website at www.purchasing.alabama.gov.

**ALABAMA MEDICAID AGENCY
INPATIENT HOSPITAL QUALITY ASSURANCE
PROGRAM
INVITATION TO BID (ITB)**

**Bid Number
08-X-2193464**

Agency Contact:

Jerri R. Jackson, RN, BSN
Associate Director
Institutional Services Unit
Alabama Medicaid Agency
P.O. Box 5624
501 Dexter Avenue
Montgomery, Al 36103-5624

Email: jerri.jackson@medicaid.alabama.gov

(334) 242-5630 (334) 353-4818 (fax)

Table of Contents

Section Number		Page Number
Section I	Introduction to Procurement	5
1.0	Purpose	5
1.1	General ITB Requirements	5
1.2	Project Manager	6
1.3	Schedule of Activities	6
1.4	Bidder Qualifications	6
1.5	Pre Bid Questions	7
1.6	Amendments to Bid	8
1.7	Bid Rejection	8
1.8	Bid Submission Requirements	8
1.9	Bid Submission Format	9
1.10	Bid Opening	11
1.11	Withdrawal of Bid	11
1.12	Technical Specifications Format	11
1.13	Transmittal Letter	11
1.14	Subcontracts	13
1.15	Deviations	13
1.16	Evaluation of Bids	13
Section II	Post ITB Contract Award	15
2.0	Terms and Conditions	15
2.1	Contract Offering	15
2.2	General	15
2.3	Contract Requirements Meeting	15
2.4	Contract Term	16
2.5	Contract Elements	16
2.6	Cooperation	17
2.7	Compliance with State and Federal Regulations	17
2.8	Confidentiality	17
2.9	Federal Non-Disclosure Requirements	18
2.10	Contract Amendments	19
2.11	Notice to Parties	19
2.12	Force Majeure	19
2.13	Disaster Recovery Plan	20
2.14	Warranties against Broker's Fees	20
2.15	Prohibition against Assignment	20
2.16	Novation	20
2.17	Employment Basis	20
2.18	Disputes	21
2.19	Litigation	21
2.20	Attorney Fees	21

2.21	Waivers	21
2.22	Not to Constitute a Debt of the State	22
2.23	Debarment	22
2.24	Termination of Contract	22
2.25	Termination for Default	22
2.26	Termination for Convenience	23
2.27	Termination for Bankruptcy or Insolvency	23
2.28	Termination for Unavailability of Funds	23
2.29	Procedure for Termination	23
2.30	Termination Claims	24
2.31	Contractor's Duties upon Expiration/ Termination	25
2.32	Employment Practices	25
2.33	Guarantees, Warranties, Certifications	26
2.34	Contract Sanctions-Liquidated Damages	28
2.35	Use of Federal Cost Principles	30
2.36	Invoice Submission	30
2.37	Payment	30
2.38	Records Retention and Storage	30
2.39	Inspection of Records	30
Section III	Program Requirements and Specifications	32
3.0	Purpose	32
3.1	Agency Overview	32
3.2	Inpatient Services	32
3.3	Transition of Program	33
Section IV	Scope of Work	34
4.0	General	34
4.1	Key Personnel	34
4.2	Admission and Continued Stay Criteria	34
4.3	Internal Utilization Review Plans	35
4.4	Medical Care Evaluation Studies	36
4.5	Procedure Manual	37
4.6	Reconsiderations	37
4.7	InterQual Criteria	37
4.8	Medicaid's Responsibilities	38

Attachments

Attachment A	Sample Contract
Attachment B	Sample Business Associate Agreement
Attachment C	Sample Disclosure Statement
Attachment D	Adult and Pediatric Criteria
Attachment E	Hospital Names and Addresses

ALABAMA MEDICAID AGENCY
INPATIENT HOSPITAL QUALITY ASSURANCE PROGRAM
INVITATION TO BID (ITB)

SECTION I **INTRODUCTION TO PROCUREMENT**

1.0 PURPOSE

The Alabama Medicaid Agency, hereinafter called Medicaid, an Agency of the State of Alabama, hereby solicits bids for the services of a qualified Quality Improvement Organization (QIO). The QIO shall be responsible for meeting the requirements of 42 CFR 456, Utilization Control requirements for inpatient hospital services. The requirements include retrospective inpatient hospital reviews for admission and concurrent stays; review of each hospital's Internal Utilization Review Plan (UR) and Medical Care Evaluation studies (MCEs). In addition to the CFR requirements, the QIO will be required to assist the Agency with the transition to InterQual admission criteria.

The successful bidder (hereinafter Contractor) will be responsible for the performance of all duties contained within this ITB for the firm and fixed price quoted in Contractor's bid to this ITB. All bids must state a firm and fixed price for the services described.

1.1 GENERAL ITB REQUIREMENTS

Medicaid will enter into one contract for twenty four (24) months commencing September 1, 2008 through August 30, 2010. Medicaid shall have three (3) one-year options for extending this contract at the original contract price. At the end of each contract year Medicaid may at its discretion, exercise the extension option and allow the period of performance to be extended for an additional contract year. Such option shall be exercised by written notice to the Contractor within ninety (90) days prior to the termination date of the contract or any extension. The bid response must present a complete and detailed description of the bidder's qualifications to perform, and its approach to carry out the requirements of this ITB.

All proposals must be received by the State of Alabama's Department of Finance, Division of Purchasing as specified in the Schedule of Activities.

1.2 PROJECT MANAGER

The individual designated by this bid to coordinate activities, resolve questions, monitor Contractor performance, ensure that all contract requirements are met, approve payments and act as Medicaid contact for the Contractor is:

Jerri R. Jackson, RN, BSN,
Associate Director, Institutional Services Unit
Alabama Medicaid Agency
P.O. Box 5624
501 Dexter Avenue
Montgomery, Al 36103-5624
Email: jerri.jackson@medicaid.alabama.gov
(334) 242-5630 (334) 353-4818 (fax)

1.3 SCHEDULE OF ACTIVITIES

The schedule of activities for this bid process is listed below. All dates are estimated and are subject to change. All times are central time (CT).

Bid Released	07/01/08
Pre-Bid Questions Due	7/7/08
Answers to Pre-Bid Questions Posted	7/09/08
Bids Due (nlt=no later than)	7/21/08 nlt 5:00 pm
Bids Opened	7/22/08 @ 2:00 pm
Bids Evaluated	7/22-7/25/08
ITB awarded	07/28/08
Program Start Date	09/01/2008

1.4 BIDDER QUALIFICATIONS

General

Medicaid solicits bids from certified QIOs interested in serving as the Inpatient Hospital Quality Assurance Program (IHQAP) Contractor. Any entity wishing to serve as a Contractor must submit a written bid for participation. **Each bid submission must be complete and stand on its own. Each bid must include an individual bid bond.**

Bids will be evaluated based on price and responsiveness to the bid specifications. A contract will be awarded for a two-year period with the option for three additional one-year contracts at the discretion of Medicaid. The contract will be effective as specified in the Schedule of Activities. All bids shall become the property of Medicaid. Medicaid will not compensate the bidder for any costs incurred in preparing the bid.

This document outlines the qualifications which must be met in order for an entity to serve as Contractor. It is imperative that potential Contractors describe **in detail** how they intend to approach the provision of all work specified in the ITB. The ability to perform these services must be carefully documented, even if the bidder has been or is currently participating in Medicaid. Bids will be evaluated based on the written information that is presented in the bid.

The Contractor must demonstrate in the bid a thorough working knowledge of all program requirements as described in these ITB specifications, including but not limited to the applicable State Plan for Medical Assistance, Administrative Code requirements and Code of Federal Regulations (CFR) requirements.

Entities that are currently excluded under federal and/or state laws from participation in Medicare/Medicaid or any State's health care programs are prohibited from submitting bids.

Entities submitting bids must:

- a. Have all necessary business licenses, registrations and professional certifications at the time of the contracting to be able to do business in Alabama;
- b. Must be a Federally Designated QIO under contract with the Centers for Medicare and Medicaid Services (CMS) by the effective date of the contract, thereby enabling the state to qualify for the 75% federal financial participation as established in 42 CFR 433.15(b)(6)(i).

1.5 PRE-BID QUESTIONS

General

Pre-bid questions are intended to be an informal, interactive exchange of information. It is the opportunity to ask questions to clarify any uncertainties that exist.

Submission of Pre-Bid Questions

Questions related to this solicitation must be directed in writing to the Project Manager. Bidders cannot contact or ask questions of other Medicaid staff. Contact with or questioning of Medicaid staff to obtain information about this ITB other than written inquiries to the Project Manager shall result in the rejection of the bid.

Questions must be received by the dates specified in the Schedule of Activities.

Questions received after this date cannot be considered. Questions may be submitted hard copy via regular mail, fax, or by e-mail. Questions pertaining to this solicitation should specifically reference the page and paragraph numbers in the ITB to which the question refers. Answers to questions will be posted on the Medicaid Website, www.medicaid.alabama.gov. All pre-bid questions and answers will be posted on a daily basis with final posting on the date specified in the schedule of activities. Vague or

non-specific questions may be returned to bidders for clarification. Medicaid must receive all clarifications by the deadline date.

1.6 AMENDMENTS TO BID

Amendments may be issued subsequent to the issue date of this ITB. Receipt of ITB amendments must be acknowledged by the potential bidder by signing and returning the signature page of the amendment to Medicaid. **A copy of acknowledgements must also be returned as a part of the bidder's proposal.**

1.7 BID REJECTION

Notwithstanding any other provision of this solicitation, Medicaid expressly reserves the right to:

- a. Reject any or all bids, or portions thereof;
- b. Reissue the ITB and/or;
- c. Cancel all or part of this procurement

1.8 BID SUBMISSION REQUIREMENTS

General

- a. All bids must be submitted in accordance with the requirements of the Finance Department, Division of Purchasing of the State of Alabama.
- b. Each bid must include an individual bid guarantee in the amount of \$5000 payable to the State of Alabama issued by a company authorized to do business in the State of Alabama. This bid guarantee ensures a firm bid for contracting purposes for ninety calendar days after the bid due date. Bid guarantees provided by unsuccessful bidders will be returned after ninety calendar days. The form of the bid guarantee shall be one of the following:
 - (1) Cashier's check (personal or company checks are not acceptable)
 - (2) Other type of bank or certified check
 - (3) Money Order
 - (4) Surety guarantee issued by a company authorized to do business in the State of Alabama
 - (5) An irrevocable letter of credit
- c. Bids must be submitted with the following:
 - (1) One original and three original-quality copies under sealed cover.
 - (2) One copy of a CD in Word 6.0 or later version format.

- d. Sealed bid packages may be mailed or hand delivered and must be received by the date in the Schedule of Activities to:
State of Alabama
Division of Purchasing
RSA Union Building
100 N. Union Street
Suite 192
Montgomery, AL 36130-2401
Attention: Bernard Arant
- e. The outside cover of the package containing the bid shall be marked as follows:
Alabama Medicaid Inpatient Hospital Quality Assurance Program
BID # 08-X-2193464
Inpatient Hospital Quality Assurance Program Contract
Bid Opening Date: 07/22/2008
Proposed Contract Award: 7/28/2008
- f. Bids submitted in whole or part by e-mail or fax will be rejected.
- g. Bids submitted after the deadline above will be rejected. It is the responsibility of the bidder to ensure the bid is delivered by the time specified.
- h. Each bid must contain a price bid and a technical component. The technical component should present a complete and detailed description of the bidder's qualifications to perform and its approach to carry out the requirements in the Scope of Work of this ITB. Technical components will be evaluated by Medicaid on a Pass-Fail basis.
- i. The bid price is a firm and fixed price for each year of the contract. The bid price must appear on the Finance Department, Division of Purchasing Pricing page.
- j. As part of the firm and fixed price submission, bidders must include details to support the development of their bid price including the amounts/percentages of the bid to be spent on each component.

Numbers and estimates provided in this ITB are informational only and do not represent a binding agreement or guarantee by Medicaid.

1.9 BID SUBMISSION FORMAT

Bids must demonstrate the ability to meet all program requirements. Failure to address any of the required bid specifications will result in the bid not meeting the responsiveness requirement. Bids not deemed responsive will not be considered.

To facilitate the bid preparation, this ITB is posted to the Medicaid Webpage, www.medicaid.alabama.gov. This unofficial copy of the ITB is for informational purposes only. Before preparing and submitting a response Contractor must receive the official ITB and all required forms from the Alabama Department of Finance, Division of Purchasing. Bids submitted without all forms and attachments required by the Division of Purchasing will be rejected.

a. Contents:

Each bid (including all copies thereof) shall be; 1) clearly sequentially numbered on the bottom (center) of each page; 2) submitted in three-inch, 3-ring binders; and 3) use 8.5 x11-inch paper and two-sided copies. A type size font eleven points or larger must be used.

b. Presentation:

Program specifics and descriptive information must be inserted as appropriate. All attachments including flowcharts, provider subcontracts, and copies of other program information should be properly identified. Brochures or other presentations, beyond that sufficient to present a complete and effective bid, are not desired. Audio and/or videotapes are not allowed. Elaborate artwork or expensive paper is not necessary or desired.

c. Page Length:

Economy in preparation is encouraged. Additional credit is not given for extra description beyond that which is necessary. Bids must be within a 25 (front and back for a total of 50) page limit, with up to an additional 25 (front and back for a total of 50) pages as necessary for attachments. NOTE: The transmittal letter and its attachments are not considered in the page limits.

d. Bid Organization:

- (1) The bid must contain an Executive Summary of no more than three pages and should provide a brief overview of the history of the organization submitting the bid, experience of the entity, and proposed administration.
- (2) The bid must contain a cover sheet which identifies a contact person for the bid including full name, title, address, telephone number, e-mail address and fax number. All correspondence regarding the bid will be directed to this individual.
- (3) Bids must be organized following the outline specified in Section 1.12 of this bid. Medicaid will use the outline as a checklist to perform its first overall evaluation of the bid submitted, prior to a more in-depth evaluation. It is permissible to copy Medicaid forms if required.
- (4) Medicaid discourages submission of bids that contain erasures, modifications or interlineation. Bids should be in final format at the time of submission. An authorized representative must initial erasures, interlineations or other modifications of the bid in original ink.

1.10 BID OPENING

Bid openings will be conducted at the office of the Purchasing Director, Suite 192, RSA Union Building, 100 N. Union Street, Montgomery, Alabama as per the Schedule of Activities. Bid openings will be conducted by Purchasing in accordance with its policies and procedures.

1.11 WITHDRAWAL OF BID

A bid may be withdrawn at any time prior to the bid opening by submitting a withdrawal in writing signed by a person with appropriate authority.

1.12 TECHNICAL SPECIFICATIONS FORMAT

The bid must include five separate sections (with named and numbered tabs) presented in the following order:

- a. Transmittal Letter
- b. Table of Contents
- c. Executive Summary
- d. Work plan for various required components
- e. Appendices

1.13 TRANSMITTAL LETTER

The Transmittal Letter is a cover letter addressed to Medicaid and the State Department of Purchasing. It must include the following information:

- a. Identification of all materials and enclosures being submitted collectively as the bid in response to this ITB.
- b. A statement identifying each amendment or addendum to this ITB that has been received; if no amendments or addenda have been received, a statement to that effect must be included. The bidder must list each ITB amendment or addendum acknowledged and received, by amendment or addendum number
- c. Identification of the bidder that will be the Contractor and the name of the corporation or other legal entity submitting the bid. The bidder must assume sole and exclusive responsibility for all of the contract responsibilities and work indicated in the ITB (including any and all addenda). Any effort to limit or qualify this responsibility, or assign any responsibility to a subcontractor will result in the

bid being rejected as non-responsive to the bid requirements. Bidder must use this section to state whether it is a: partnership, non-profit corporation, Alabama corporation, non-Alabama corporation or some other structure.

- d. A statement certifying that the bidder, if a foreign corporation, has a current Certificate of Authority to do business in Alabama issued from the Alabama Secretary of State (include a copy of Certificate of Authority with bid).
- e. A statement of compliance with Affirmative Action and Equal Employment Opportunity regulations that confirms that the bidder does not discriminate in its employment practices with regard to race, color, religion, age (except as provided by law), sex, marital status, developmental disability, political affiliation, national origin, or handicap, and complies with all applicable provisions of Public Law 101-336, Americans with Disabilities Act.
- f. A statement acknowledging and agreeing to all of the rights of Medicaid contained in the provisions of this ITB.
- g. A statement that the prices proposed have been arrived at independently without consultation, communication, or agreement with any other bidder or competitor involved in the procurement for this contract.
- h. A statement that the bidder, through its duly authorized representatives, has in no way entered into any arrangement or agreement with any other bidder or competitor which could lessen or destroy free competition in awarding the contract sought by the attached bid.
- i. A statement that, unless otherwise required by law, the prices quoted must not be knowingly disclosed by the bidder, directly or indirectly, prior to award of the contract, to any other bidder, competitor or any other person or entity.
- j. A statement that the bidder has not and will not make any attempt to induce any other person or firm to withhold or submit a bid for the purposes of restricting competition.
- k. A statement that the person signing this bid is authorized to make decisions on behalf of the bidder's organization as to the prices quoted.
- l. A statement that no person or agency has been employed or retained to solicit or secure the proposed contract based on an agreement or understanding for a commission, percentage, brokerage, or contingent fee.
- m. A statement that the bidder and its subcontractors will maintain a drug-free workplace.

- n. The successful bidder shall be required to complete a financial disclosure statement with the executed contract. (Attachment C)

1.14 SUBCONTRACTS

The contract shall not be assigned without written consent of Medicaid. Contractor may subcontract for the professional services necessary for the completion and maintenance of this contract and for the performance of its duties under this contract with advance written approval of both the subcontracted function and the subcontractor by Medicaid. Subcontractors shall demonstrate the capability to perform the function to be subcontracted at a level equal or superior to the requirements of the contract relevant to the service to be performed. All subcontracts shall be in writing, with the subcontractor functions and duties clearly identified, and shall require the subcontractor to comply with all applicable provisions of this ITB. Contractor shall at all times remain responsible for the performance by subcontractors approved by Medicaid. Contractor's performance guarantee and Contractor's responsibility for damages shall apply whether performance or non-performance was by Contractor or one of its subcontractors. Medicaid shall not release Contractor from any claims or defaults of this contract which are predicated upon any action or inaction or default by any subcontractor of Contractor, even if such subcontractor was approved by Medicaid as provided above. Contractor shall give Medicaid notice in writing by registered mail of any action or suit made against Contractor by any subcontractor or vendor, which, in the opinion of Contractor, may result in litigation related in any way to this contract with the State of Alabama.

1.15 DEVIATIONS

Any bid which deviates, in any way whatsoever, from the detailed specifications and requirements in the ITB, shall explicitly identify and explain these deviations in the Transmittal Letter. Medicaid reserves the right, in its sole discretion, to reject any bid containing such deviations or to require clarifications before acceptance. Bidders shall not place any qualification, exceptions, conditions, reservations, limitations, or substitutions in their bid concerning the contract terms and conditions. Any such qualifications, exceptions, conditions, reservations, limitations or substitutions shall result in rejection of the bid.

1.16 EVALUATION OF BIDS

In accordance with the law of the State of Alabama, bids will be evaluated as follows:

- a. The Department of Purchasing will review each bid to determine if it meets submission requirements. Bids not meeting said requirements will be rejected.
- b. All bids meeting bid meeting submission requirements will be forwarded to Medicaid for evaluation of technical specifications.

- c. Medicaid will review the lowest price bid to determine if technical requirements are met.
- d. If the lowest price bid does not meet technical requirements, Medicaid will evaluate the next lowest price bid.
- e. The State reserves the right to reject any and all bids.
- f. In evaluating a bid, Medicaid reserves the right to request clarification from Contractors for information provided in the bid for the purpose of determining responsibility of the Contractor and responsiveness to the technical bid requirements.
- g. Contractors will be notified of their status by the Division of Purchasing pursuant to its policies and procedures.

SECTION II

POST ITB CONTRACT AWARD

2.0 TERMS AND CONDITIONS

2.1 CONTRACT OFFERING

A bid filed in response to this ITB is an offer to contract with Medicaid based upon the terms, conditions, scope of work and specifications of the ITB. Bids do not become contracts unless and until the Department of Finance accepts them. A contract is formed when the Department of Finance provides written notice of award to the successful bidder and has delivered to the successful bidder, all of the terms and conditions of the contract contained in this solicitation, solicitation amendments and subsequent contract modifications, if any, signed by Medicaid. After such contract is fully executed and approved by all applicable authorities, it will be considered binding. Medicaid may also, at its option, modify any requirements described herein. All successful bidders will be notified of award. The successful Contractor will also be posted to the Medicaid webpage.

Submission of a response to this ITB, acceptance of the award, and signing of the contract constitutes evidence of Contractor's understanding of and agreement to the terms and conditions expressed in this bid and contract.

2.2 GENERAL

This ITB and any amendments thereto, Contractor's bid, and all questions and answers made final shall be incorporated into the contract by the execution of a formal agreement. No alteration or variation of the terms of the contract shall be valid unless made in writing and duly signed by the parties thereto.

2.3 CONTRACT REQUIREMENTS MEETING

After formal award, but prior to commencement of work, Medicaid and the successful Contractor **WILL** meet to ensure that Contractor understands, and agrees to accept the obligations contained in the ITB, including the applicable rules and regulations, any amendments to the bid, and ITB questions and answers. Any areas in the Contractor's proposal which require, in the sole discretion of Medicaid, further clarification to ensure understanding and acceptance by the Contractor of all the duties and responsibilities required by Medicaid for the firm and fixed price bid shall be addressed by Medicaid prior to commencement of work. Any unwillingness by Contractor to meet the requirements expressed in the ITB, any amendments thereto, or as further explained in the ITB questions and answers for the firm and fixed price bid may result in rejection of Contractor's bid, and consideration by Medicaid of the proposal submitted by the next lowest, responsive, responsible bidder. The meeting will be conducted within 20 calendar days of contract award.

2.4 CONTRACT TERM

The initial contract term shall be for two years, from September 1, 2008 through August 30, 2010. Medicaid shall have three, one-year options for extending this contract. At the end of the contract period Medicaid may at its discretion, exercise the extension option and allow the period of performance to be extended at the **same rate** paid by Medicaid for the initial contract term. In no event shall the term of the original contract plus the extension option exceed a total of five years. Any extension will operate under the same terms and conditions as the initial contract.

Contractor acknowledges and understands that this contract is not effective until it has received all requisite state and federal government approvals. Contractor shall not begin performing work under this contract until notified to do so by Medicaid. Contractor is entitled to no compensation for work performed prior to the effective date of this contract.

2.5 CONTRACT ELEMENTS

The contract for the inpatient hospital quality assurance program shall include the following:

- a. Executed contract,
- b. ITB, and any amendments thereto,
- c. Contractor's response to the ITB,

And the applicable provisions of:

- d. Title XIX of the Social Security Act (SSA), as amended and regulations promulgated thereunder by Health and Human Services (HHS) and any other applicable federal statutes and regulations
- e. The statutory and case law of the State of Alabama
- f. The Alabama State Plan for Medical Assistance under Title XIX of the SSA as amended
- g. The Alabama Medicaid Agency Administrative Code
- h. Medicaid's written response to prospective bidder's questions
- i. Medicaid Provider Billing Manual

It is the responsibility of the Contractor to be aware of and maintain current copies of the contract elements.

2.6 COOPERATION

Effective implementation of and oversight services shall require close cooperation between Medicaid and Contractor. To this end, the parties agree to work mutually in solving problems. Contractor shall make known and fully describe to Medicaid, in writing, any difficulties encountered that threaten required performance or when such a potential exists. Such difficulties may include, but are not limited to:

- a. interpretation of Medicaid policies and procedures
- b. meeting reporting requirements
- c. availability of staff

Contractor shall notify the Medicaid Project Manager, by telephone within one business day of discovery of any problem that has already occurred, or within one working day of the identification of potential problems that threaten required performance. All telephone notices shall be followed up in writing, including any action taken, within three business days.

2.7 COMPLIANCE WITH STATE AND FEDERAL REGULATIONS

Contractor shall perform all services under the contract in accordance with applicable federal and state statutes and regulations. Medicaid retains full operational and administrative authority and responsibility over Medicaid in accordance with the requirements of the federal statutes and regulations as the same may be amended from time to time.

2.8 CONFIDENTIALITY

Contractor shall treat all information, and in particular information relating to enrollees that is obtained by or through its performance under the contract, as confidential information to the extent confidential treatment is provided under State and Federal laws including 45 CFR §160.101 – 164.534. Contractor shall not use any information so obtained in any manner except as necessary for the proper discharge of its obligations and duties under this contract.

All information as to personal facts and circumstances concerning enrollees obtained by Contractor shall be treated as privileged communications, shall be held confidential, and shall not be divulged to anyone other than the agencies already specified without written consent of Medicaid or the enrollee, provided that nothing stated herein shall prohibit the disclosure of information in summary, statistical, or other form that does not identify particular individuals. The use or disclosure of information concerning enrollees shall be limited to purposes directly connected with the administration of the State Plan. Upon signing of this contract by all parties, the terms of the contract become available to the public pursuant to Alabama law.

Contractor agrees to allow Medicaid or its designee access to all documents, papers, letters, or other material generated under this contract. Contractor will not allow access to such documents to any other person or entity without express written consent of Medicaid.

Contractor shall ensure safeguards that restrict the use or disclosure of information concerning applicants and recipients to the purpose directly connected with the administration of the State Plan in accordance with 42 CFR Part 431, Subpart F, as specified in 42 CFR § 434.6(a)(8). Purposes directly related to the State Plan administration include:

- a. Establishing eligibility;
- b. Determining the amount of medical assistance;
- c. Providing services for recipients; and
- d. Conducting or assisting an investigation, prosecution, or civil or criminal proceedings related to the administration of the State Plan.

Pursuant to requirements of the Health Insurance Portability and Accountability Act (HIPPA) of 1996 (Public Law 104-191), the successful Contractor shall be required to sign a Business Associate agreement with the Agency (Attachment B).

2.9 FEDERAL NON-DISCLOSURE REQUIREMENTS

Each officer or employee of any person to whom Social Security information is or may be disclosed shall be notified in writing by such person that Social Security information disclosed to such officer or employee can be only used for authorized purposes and to that extent and any other unauthorized use herein constitutes a felony punishable upon conviction by a fine of as much as \$5,000 or imprisonment for as long as five years, or both, together with the cost of prosecution. Such person shall also notify each such officer or employee that any such unauthorized further disclosure of Social Security information may also result in an award of civil damages against the officer or employee in an amount not less than \$1,000 for each instance of unauthorized disclosure. These penalties are prescribed by IRC Sections 7213 and 7431 and set forth at 26 CFR 301.6103(n).

Additionally, it is incumbent upon the Contractor to inform its officers and employees of penalties for improper disclosure implied by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically 5 U.S.C. 552a(i)(1), which is made applicable to contractors by 5 U.S.C. 552a(m)(1), provides that any officer or employee of a Contractor, who by virtue of his/her employment or official position, has possession of or access to agency records which contain identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of

specific material is prohibited, willfully discloses that material in any manner to any person or agency, not entitled to receive it, shall be guilty of a misdemeanor and fined not more than \$5000.

Contractors shall take all reasonable precautions to ensure the safety and security of all information, data, procedures, methods, and funds involved in the performance under the contract, and shall require the same from all employees so involved. In compliance with 42 CFR §431.300 et seq. Contractor shall conform to the requirements of federal and state regulations regarding confidentiality of information about eligible recipients. Contractors shall not release any data or other information relating to the Medicaid IHQAP without prior written consent of Medicaid. This provision covers both general summary data as well as detailed, specific data. Contractor shall not be entitled to use of Medicaid Program data in its other business dealings without prior written consent of Medicaid. All requests for program data shall be referred to Medicaid for response by the Commissioner only.

2.10 CONTRACT AMENDMENTS

Only amendments in writing and signed by duly authorized representatives of the Contractor, Medicaid and the Governor of the State of Alabama shall be effective. No covenant, condition, duty, obligation or undertaking contained in or made a part of the contract shall be waived except by written agreement of the parties. The contract may be amended by written agreement duly executed by the parties. Every such amendment shall specify the date its provisions will be effective as agreed to by the parties. The contract and amendments, if any, are subject to approval by the Governor of the State of Alabama and the Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS).

2.11 NOTICE TO PARTIES

Any notice to Medicaid under the contract shall be sufficient when mailed to Alabama Medicaid Agency, Attention, Jerri Jackson, Institutional Services, 501 Dexter Avenue, P.O. Box 5624, Montgomery, Alabama 36103-5624. Any notice to the Contractor shall be sufficient when mailed to Contractor at the address given in the response to this ITB or on the contract after signing. All notices shall be given by certified mail, return receipt requested.

2.12 FORCE MAJEURE

Both parties to this contract shall be excused from performance hereunder for any period that the State or Contractor is prevented from performing such services pursuant hereto in whole or in part as a result of an act of God, war, civil disturbance, epidemic, or court order; such non-performance shall not be a ground for termination for default.

2.13 DISASTER RECOVERY PLAN

Contractor shall provide Medicaid, for approval, prior to contract start date, a written implementation plan addressing satisfactory back-up arrangements for data processing equipment and files to provide continued contract performance in the event of machine failure or loss of records.

2.14 WARRANTIES AGAINST BROKER'S FEES

Contractor warrants that no person or selling agent has been employed or retained to solicit or secure the contract upon an agreement or understanding for a commission percentage, brokerage or contingency fee excepting bona fide employees.

In the event of a breach of this warranty by Contractor, Medicaid shall have the right to terminate this contract without any liability whatsoever, or, in its discretion, to deduct from the contract price or consideration or otherwise recover the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

2.15 PROHIBITION AGAINST ASSIGNMENT

Contractor may not assign this contract to any third party without prior written approval of Medicaid.

2.16 NOVATION

In the event of a change in the corporate or company ownership of Contractor, Medicaid shall retain the right to continue the contract with the new owner or terminate the contract. The new corporate or company entity must agree to the terms of the original contract and any amendments thereto. During the interim between legal recognition of the new entity and Medicaid execution of the novation agreement, a valid contract will continue to exist between Medicaid and the original Contractor. When, to Medicaid's satisfaction, sufficient evidence has been presented of the new owner's ability to perform under the terms of the contract, Medicaid may approve the new owner and a novation agreement shall be executed.

2.17 EMPLOYMENT BASIS

It is expressly understood and agreed that Medicaid enters into this agreement with Contractor and any subcontractor as authorized under the provisions of this contract as an independent contractor on a purchase of service basis and not on an employer-employee basis and is therefore not subject to State Merit System law.

2.18 DISPUTES

Except in those cases where the bid response exceeds the requirements of the ITB, any conflict between the bid response of the Contractor and the ITB shall be controlled by the provisions of the ITB. Any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Commissioner of Medicaid.

The Contractor's sole remedy for the settlement of any and all disputes arising under the terms of this contract shall be limited to the filing of a claim with the Board of Adjustment for the State of Alabama. Pending a final decision of a dispute hereunder, the Contractor must proceed diligently with the performance of the contract in accordance with the disputed decision.

For any and all disputes arising under the terms of this contract, the parties hereto agree, in compliance with the recommendations of the Governor and Attorney General, when considering settlement of such disputes, to utilize appropriate forms of non-binding alternative dispute resolution including, but not limited to, mediation by and through the Attorney General's Office of Administrative Hearings or where appropriate, private mediators.

2.19 LITIGATION

Any litigation brought by Medicaid or the Contractor regarding any provision of the contract shall be brought in either the Circuit Court of Montgomery County, Alabama, or the United States District Court for the Middle District of Alabama, Northern Division, according to the jurisdictions of these courts. This provision shall not be deemed an attempt to confer any jurisdiction on these courts which they do not by law have, but is a stipulation and agreement as to forum and venue only.

2.20 ATTORNEY FEES

In the event that the State shall prevail in any legal action arising out of the performance or non-performance of this contract, Contractor must pay, in addition to any damages, all expenses of such action including reasonable attorneys' fees and costs. This requirement applies regardless of whether Medicaid is represented by staff counsel or outside counsel. Fees and costs of defense shall be deemed to include administrative proceedings of all kinds, as well as all actions at law or equity.

2.21 WAIVERS

No covenant, condition, duty, obligation, or undertaking contained in or made a part of the contract can be waived except by written agreement of the parties.

2.22 NOT TO CONSTITUTE A DEBT OF THE STATE

Under no circumstances shall any commitments by Medicaid constitute a debt of the State of Alabama as prohibited by Article XI, Section 213, Constitution of Alabama of 1901, as amended by Amendment 26. It is further agreed that if any provision of this contract shall contravene any statute or Constitutional provision or amendment, whether now in effect or which may, during the course of this Contract, be enacted, then that conflicting provision in the contract shall be deemed null and void.

2.23 DEBARMENT

Contractor hereby certifies that neither it nor its principals nor any subcontractor or its principals, is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation by any Federal department or agency.

2.24 TERMINATION OF CONTRACT

This Contract may be terminated by Medicaid for any or all of the following reasons:

- a. For any default by the Contractor;
- b. For the convenience of Medicaid;
- c. In the event of the insolvency of or declaration of bankruptcy by the Contractor;
And
- d. In the event sufficient appropriated or otherwise obligated funds, either state or federal, no longer exist for the payment of Medicaid's obligation hereunder.

Each of these is described in the following subsections.

2.25 TERMINATION FOR DEFAULT

The failure of the Contractor to perform or comply with any term, condition, or provision of this contract shall constitute a default by the Contractor. In the event of default, Medicaid shall notify the Contractor by certified or registered mail, return receipt requested, of the specific act or omission of the Contractor which constitutes default. A copy of written notice shall be sent to any surety for Contractor's Performance Guarantee.

Contractor will have thirty calendar days from the date of receipt of such notification to cure such default. In the event of default, and during the above-specified period, performance under the contract shall continue as though the default had never occurred. In the event the default is not cured in thirty calendar days, Medicaid may, at its sole option, terminate the contract for default and proceed to seek appropriate

relief from Contractor and Surety. Such termination shall be accomplished by written notice of termination forwarded to the Contractor by certified or registered mail, return receipt requested, and shall be effective at the close of business on the date specified in the notice. If it is determined, after notice of termination for default, that the Contractor's failure was due to causes beyond the control of and without error or negligence of the Contractor, the termination shall be deemed a termination for convenience.

2.26 TERMINATION FOR CONVENIENCE

Medicaid may terminate performance of work under the Contract in whole or in part whenever, for any reason, Medicaid shall determine that such termination is in the best interest of the State. In the event that Medicaid elects to terminate the contract, pursuant to this provision, it shall so notify the Contractor by certified or registered mail, return receipt requested. The termination shall be effective as of the date specified in the notice.

2.27 TERMINATION FOR BANKRUPTCY OR INSOLVENCY

The filing of a petition for voluntary or involuntary bankruptcy of a company or a corporate reorganization pursuant to the Bankruptcy Act shall, at the option of Medicaid, constitute default by Contractor effective the date of such filing. Contractor must inform Medicaid in writing of any such action(s) immediately upon occurrence by the most expeditious means possible.

2.28 TERMINATION FOR UNAVAILABILITY OF FUNDS

Performance by the State of Alabama of any of its obligations under the contract is subject to and contingent upon the availability of state and federal monies lawfully applicable for such purposes. This contract is conditional upon the availability funds. Should funds become unavailable during the term of the contract, the contract shall terminate upon notice by Medicaid to Contractor and Contractor will be entitled to reimbursement for services provided prior to termination upon submission of a certified itemized invoice that details the work performed prior to termination.

2.29 PROCEDURE FOR TERMINATION

Contractor must:

- a. Stop work under the contract on the date and to the extent specified in the notice of termination;
- b. Place no further orders or subcontracts for materials, services, except as may be necessary for completion of such portion of work under the contract as is not terminated;

- c. Terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the notice of termination;
- d. Assign to Medicaid in the manner and to the extent directed by Medicaid all of the rights, title, and interest of the Contractor under the orders or subcontracts so terminated, in which case Medicaid shall have the right, in its discretion, to settle or pay any and all claims arising out of termination of such orders and subcontracts;
- e. With the approval or ratification of Medicaid, settle all outstanding liabilities and all claims arising out of such termination or orders and subcontracts, the cost of which would be reimbursable in whole or in part, in accordance with the provisions of contract;
- f. Complete the performance of such part of the work as shall not have been terminated by the notice of termination; and
- g. Take such action as may be necessary, or as Medicaid may direct, for the protection and preservation of any and all property or information related to the contract which is in the possession of the Contractor and in which Medicaid has or may acquire an interest.

2.30 TERMINATION CLAIMS

After a receipt of a notice of termination, Contractor must submit to Medicaid any termination claim in the form and with the certification prescribed by Medicaid. Such claims shall be submitted promptly but in no event later than 60 days from the effective date of termination. Upon failure of the Contractor to submit its termination claims within the time allowed, Medicaid may, subject to any review required by State procedures in effect as of the date of execution of the contract, determine, on the basis of information available, the amount, if any, due to the Contractor by reason of termination and shall thereupon cause to be paid to the Contractor the amount determined.

Contractor has no entitlement to receive any amount for lost revenues or anticipated profits or for expenditures associated with this or in any other contract. Contractor will be paid only by the following upon termination:

- a. At the contract price(s) for completed deliverables and services delivered to and accepted by Medicaid;
- b. At a price mutually agreed upon by the Contractor and Medicaid for partially completed deliverables.

In the event of the failure of the Contractor and Medicaid to agree in whole or in part as to the amounts with respect to costs to be paid to the Contractor in connection with the

total or partial termination and shall pay to the Contractor the amount so determined.

2.31 CONTRACTOR'S DUTIES UPON EXPIRATION/TERMINATION

- a. **Transfer of Documents**
At Medicaid's discretion but no later than three working days following the expiration or termination of the contract, Contractor at its own expense, shall box, label, and deliver to Medicaid, any information, data, manuals, records, claims or other documentation which shall permit Medicaid to continue contract performance or contract for further performance with another Contractor. Contractor shall organize and label this documentation by contract component.
- b. Contractor shall at any time during the transition period and up to ninety calendar days after expiration of the contract answer all questions and provide all dialogue and training that Medicaid deems necessary to enable the successor Contractor to take over the provision of quality assurance services. All such communications shall be with or through the Associate Director of the Institutional Services Program.

2.32 EMPLOYMENT PRACTICES

- a. **Nondiscrimination Compliance**
Contractor shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, Executive Order No. 11246, as amended by Executive Order No. 11375, both issued by the President of the United States, the Americans with Disabilities Act of 1990, and with all applicable federal and state laws, rules and regulations implementing the foregoing statutes with respect to nondiscrimination in employment.
- b. **Small and Minority Business Enterprise Utilization**
In accordance with the provisions of 45 CFR Part 74 and Attachment 0, paragraph 9 of OMB Circular A-102, affirmative steps shall be taken to ensure that small and minority businesses are utilized when possible as sources of supplies, equipment, construction, and services.
- c. Contractor shall provide and maintain workman's compensation insurance for all of its employees under the contract or any subcontract thereof, if required by state law during the life of this contract.
- d. Contractor shall not knowingly engage on a full-time, part-time, or other basis during the term of this contract any professional or technical personnel or contractual consultants who are or have been in the employment of Medicaid during the twelve months prior to the effective date of this contract without the written consent of Medicaid. Certain Medicaid employees may be subject to more stringent employment restrictions under the Alabama Code of Ethics, §36-25-1 et seq. Code of Alabama 1975.

2.33 GUARANTEES, WARRANTIES, CERTIFICATIONS

a. Indemnification

Contractor shall hold harmless, defend and indemnify Medicaid as to any penalties or federal recoupment and any interest incurred by reason of any Title XIX noncompliance due to the fault of Contractor and/or any subcontractors. The term "Title XIX noncompliance" shall be construed to mean any failure or inability of Medicaid to meet the requirements of Title XIX of the Social Security Act-- and/or any regulations promulgated by the federal government therewith due to an act or omission of Contractor or subcontractor.

Contractor shall be liable and agrees to be liable for and shall indemnify, defend, and hold the State and Medicaid and their officers, employees and agents harmless from all claims, suits, judgments or damages, including court costs and attorney fees, arising out of or in connection with this contract due to negligent or intentional acts of omission of the Contractor and/or any subcontractors. Contractor shall hold the State and Medicaid harmless from all subcontractor liabilities under the terms of this contract.

Contractor agrees to indemnify, defend, and hold harmless Medicaid, its officers, agents, and employees from:

Any claims or losses attributable to a service rendered by Contractor or any subcontractor, person, or firm performing or supplying services, materials, or supplies in connection with the performance of the contract regardless of whether Medicaid knew or should have known of such improper service, performance, materials or supplies unless otherwise specifically approved by Medicaid in writing in advance;

Any claims or losses attributable to any person or firm injured or damaged by the erroneous or negligent acts, including without limitation, disregard of Federal or State Medicaid regulations or statutes, of contractor, its officers, employees, or subcontractors in the performance of the contract, regardless of whether Medicaid knew or should have known of such erroneous or negligent acts;

Any failure of Contractor, its officers, employees, or subcontractors to observe Alabama laws, including, but not limited to, labor laws and minimum wage laws, regardless of whether Medicaid knew or should have known of such failure.

If at any time during the operation of this contract, Medicaid gains actual knowledge of any erroneous, negligent, or otherwise wrongful acts by Contractor, its officers, employees, or subcontractors, Medicaid agrees to give Contractor written notice thereof. Failure by Medicaid to give said notice does not operate as a waiver of the Contractor's obligations to Medicaid, or as a release of any claims Medicaid may have against Contractor.

b. Security

Contractor shall take all reasonable precautions to ensure the safety and security of all information, data, procedures, methods, and funds involved in the performance under the contract, and shall require the same from all employees so involved. In compliance with 42 CFR §431.300 et seq. Contractor shall conform to the requirements of federal and state regulations regarding confidentiality of information about eligible recipients. Contractor shall not release any data or other information relating to the Alabama Medicaid Program without prior consent of Medicaid.

This provision covers both general summary data as well as detailed, specific data. Contractor shall not be entitled to use of Alabama Medicaid program data in its other business dealings without prior written consent of Medicaid. All requests for program data shall be referred to Medicaid for response by the Commissioner only.

c. Share of Contract

No official or employee of the State of Alabama shall be entitled to any share of the contract or to any benefit that may arise there from.

d. Conflict of Interest

The Contractor covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with its performance hereunder. The Contractor further covenants that in the performance of the contract no person having any such interest is presently employed or will be employed in the future by the Contractor.

e. Performance Guarantee

In order to assure full performance of all obligations imposed on a Contractor contracting with the State of Alabama, the Contractor will be required to provide a performance guarantee in the amount of \$25,000.00. The performance guarantee must be submitted by Contractor at least ten calendar days prior to the contract start date. The form of security guarantee shall be one of the following:

- (1) Cashier's check (personal or company checks are not acceptable)
- (2) Other type of bank certified check
- (3) Money order
- (4) An irrevocable letter of credit
- (5) Surety bond issued by a company authorized to do business within the State of Alabama

The Chief Financial Officer of Medicaid or his designee shall be the custodian of the performance guarantee. The performance guarantee shall reference this ITB and it shall be made payable to the State of Alabama. Medicaid shall not award the contract prior to acceptance of the performance guarantee.

If Contractor fails to deliver the required performance guarantee, the proposal shall be rejected and the contract may be awarded to the next ranked proposal.

In the event of a breach of contract, Medicaid will notify Contractor in writing of the default and may assess reasonable charges against Contractor's performance guarantee. If after notification of default, the Contractor fails to remedy the State's damages within thirty calendar days, Medicaid may initiate procedures for collection against Contractor's performance guarantee.

Failure of the Contractor to perform satisfactorily, breach of contract, or termination of contract shall cause the performance guarantee to become due and payable to the state of Alabama to the extent necessary to cover the costs incurred by Medicaid as a result of the Contractor's failure to perform its contractual obligations.

These costs include, but are not limited to, costs to correct any Medicaid errors caused by the Contractor's default and costs incurred by Medicaid for completion of contracted work including any costs associated with preparation, solicitation, and award of a competitive bid for these contract services and any federal, state or other penalties, sanctions, disallowances, or any other costs incurred by Medicaid as a result of the Contractor's default and any liquidated damages necessary as a result of the Contractor's default.

In order to achieve the greatest economy for the State, Medicaid may choose the next responsive bidder, re-release the ITB, or complete any other action consistent with state purchasing laws. The performance guarantee will be released within 60 days of the end of the contract term.

f. **Provision of Gratuities**

Neither the Contractor nor any person, firm or corporation employed by the Contractor in the performance of this contract shall offer or give, directly or indirectly, to any employee or agent of the State, any gift, money or anything of value, or any promise, obligation or contract for future reward or compensation at any time during the term of this contract.

2.34 CONTRACT SANCTIONS-LIQUIDATED DAMAGES

In the event that Contractor fails to meet the ITB and contract requirements, and damages are sustained by Medicaid; the Contractor, therefore, agrees to pay Medicaid the sums set forth below as liquidated damages unless these damages are waived by Medicaid.

Medicaid may impose liquidated damages of \$500 per day past due date for the following:

- a. Failure to deliver required reports/services/deliverables as defined by the ITB by the date specified by Medicaid.
- b. Failure to provide documentation as required by the ITB.
- c. Failure to perform tasks as specified in the ITB within the time specified by Medicaid.
- d. Failure to maintain staffing levels required by the ITB.
- e. Failure to meet technical or personnel requirements.
- f. Failure to comply with any other requirement of the ITB.
- g. Misrepresentation or falsification of information furnished to CMS, to the State, to an enrollee, potential enrollee, or health care provider.

In addition,

- h. Contractors shall be liable for any penalties or disallowance of Federal Financial Participation incurred by Medicaid due to Contractor's failure to comply with the terms of the contract. Total dollars may include state funds as well as federal funds.
- i. Imposition of liquidated damages may be in addition to other contract remedies and does not waive Medicaid's right to terminate the contract.
- j. Unauthorized use of information shall be subject to the imposition of liquidated damages in the amount of ten thousand dollars \$10,000 per occurrence.
- k. Failure to safeguard confidential information of providers, recipients or the Medicaid program shall be subject to the imposition of \$10,000 per instance plus any penalties incurred by Medicaid for said infractions.
- l. Presentations to groups/associations or others regarding this contract and work hereunder without prior approval of Medicaid-\$1,000.00 per instance.

Contractors shall receive written notice from Medicaid upon a finding of failure to comply with contract requirements, which contains a description of the events that resulted in such a finding. Contractors shall be allowed to submit rebuttal information or testimony in opposition to such findings. Medicaid shall make a final decision regarding implementation of liquidated damages.

2.35 USE OF FEDERAL COST PRINCIPLES

For any terms of the contract which allow reimbursement for the cost of procuring goods, materials, supplies, equipment, or services, such procurement shall be made on a competitive basis (including the use of competitive bidding procedures) where practicable, and reimbursement for such cost under the contract shall be in accordance with 48 CFR, Chapter 1, Subchapter E, Part 31. Further, if such reimbursement is to be made with funds derived wholly or partially from federal sources, such reimbursement shall be subject to Contractor's compliance with applicable federal procurement requirements, and the determination of costs shall be governed by federal cost principles.

2.36 INVOICE SUBMISSION

Contractor shall submit to Medicaid monthly a detailed invoice for compensation for the deliverable and/or work performed.

2.37 PAYMENT

Payments to Contractor shall be dependent upon successful completion and acceptance of described work and delivery of required documentation. Payments will be made monthly.

2.38 RECORDS RETENTION AND STORAGE

In accordance with 45 CFR §74.164, and 42 CFR 438.6(g), Contractors shall maintain financial records, supporting documents, statistical records, and all other records pertinent to the Medicaid Inpatient Hospital Quality Assurance Program for a period of three years plus the current year.

However, if audit, litigation, or other legal action by or on behalf of the State or Federal Government has begun but is not completed at the end of the five year period, or if audit findings, litigation, or other legal action have not been resolved at the end of the above stated time period, the records shall be retained until resolution. Micromedia copies of source documents for storage may be used in lieu of paper source documents subject to Medicaid approval.

2.39 INSPECTION OF RECORDS

Contractors agree that representatives of the Comptroller General, Health and Human Services, the General Accounting Office, the Alabama Department of Examiners of Public Accounts, and Medicaid and their authorized representatives shall have the right during business hours to inspect and copy Contractors' books and records pertaining to contract performance and costs thereof. Contractors shall cooperate fully with requests from any of the agencies listed above and shall furnish **free of charge** copies

of all requested records. Contractors may require that a receipt be given for any original record removed from Contractors' premises.

Contractors and subcontractors shall ensure that a medical record system is maintained within the State of Alabama in accordance with §2091.3 and §2087.8 of the State Medicaid Manual which makes available to appropriate health professionals all pertinent information relating to the medical management of each recipient. All entries on medical records must be written in ink or typewritten and authenticated by the signature or initials of the health care professional.

SECTION III **PROGRAM REQUIREMENTS AND SPECIFICATIONS**

3.0 PURPOSE

Contractor shall be responsible for meeting the requirements of 42 CFR 456, Utilization Control requirements for inpatient hospital services. The requirements include retrospective inpatient hospital reviews for admission and concurrent stays; review of each hospital's Internal Utilization Review (UR) Plan and Medical Care Evaluation studies (MCEs). In addition to the CFR requirements, Contractor will be required to assist the Agency with the transition to approved InterQual admission criteria.

3.1 AGENCY OVERVIEW

The Alabama Medicaid Agency is responsible for administration of the Alabama Medicaid Program under a federally approved State Plan for Medical Assistance. The mission of the Agency is to empower recipients to make educated and informed decisions regarding their health and the health of their families. This goal is accomplished by providing a system, which facilitates access to necessary and high quality preventive care, acute medical services, long term care, health education, and related social services. Through teamwork, the Agency strives to operate and enhance a cost efficient system by building an equitable partnership with health care providers, both public and private.

Medicaid's central office is located at 501 Dexter Avenue, Montgomery, Alabama 36104 (mailing address is P.O. Box 5624, Montgomery, Al 36103-5624). The majority of Medicaid's budgeted administrative positions are located at this site. The central office personnel are responsible for data processing, program management, financial management, program integrity, general support services, professional services, and recipient eligibility services. For certain recipient categories, eligibility determination is made by Medicaid personnel located throughout the State.

3.2 INPATIENT SERVICES

Currently there are a total of 104 acute care hospitals located in Alabama and enrolled as Medicaid providers. There are an additional 19 hospitals enrolled as border hospitals and considered in-state providers as well. 'Border' is defined as within 30 miles of the Alabama state line and these hospitals are subject to program regulations as well. See Attachment E for a complete list of hospitals and addresses.

There were 83,145 in-state hospital inpatient admissions in fiscal year (FY) '07. There is no freedom of choice restriction on where a patient may receive inpatient services.

There is however the following benefit limits:

- a. Medicaid pays up to 16 inpatient days per year for adults. There are no exceptions.
- b. Medicaid pays for unlimited days for children under age one.
- c. Medicaid pays for unlimited days for any child under the age of six (6) receiving services in a disproportionate share hospital.
- d. Medicaid pays unlimited days for children of any age with an EPSDT referral.

3.3 TRANSITION OF PROGRAM

Prior to the inception of the Prepaid Inpatient Hospital Plan (PIHP), Medicaid employed staff that performed actual and retrospective inpatient utilization review based on the Alabama Medicaid Adult and Pediatric Inpatient Criteria. (Attachment D). Hospitals were classified as delegated or non-delegated. A delegated hospital performed admission and continued stay reviews on every admission. A non-delegated hospital would call the Agency for admission approval and continued stays. With the inception of the PIHP, all hospitals were classified as delegated and performed their own inpatient utilization review utilizing the existing criteria.

In 1995, the Agency began providing and reimbursing inpatient services through a PIHP. The PIHP was governed by the managed care regulations set forth at 42 CFR 438. Within these regulations were specific requirements for quality assurance activities which were contracted to an outside entity with Medicaid performing oversight of that entity.

Effective October 1, 2008, inpatient services will no longer be provided through the PIHP arrangement and will revert to a fee-for-service, per diem reimbursement system. In conjunction quality assurance functions will be streamlined to match the requirements set forth in 42 CFR 456 as generally described above. Long-term the Agency intends to explore the implementation of an acuity level payment system

Effective April 1, 2009, the Agency will begin requiring the use of approved InterQual as the inpatient and continued stay criteria as do other payers in the State. Contractor will be required to assist the Agency in this transition identifying conflicts between Agency policy and InterQual criteria.

SECTION IV

SCOPE OF WORK

4.0 GENERAL

The following sections detail the scope of work that will be required by Contractor. Bidders are encouraged to familiarize themselves with the Agency's Administrative Code, State Plan for Services, Code of Federal Regulations and applicable billing manuals to ensure a complete understanding of the program. These resources are available on the Agency's website at www.medicaid.alabama.gov.

4.1 KEY PERSONNEL

The Contractor must be prepared to recruit credentialed/licensed staff, and to implement all aspects of the work required in this ITB within the stated time frames. Staffing levels must be sufficient to complete the responsibilities outlined in this ITB. The review of hospital admissions and continued stays, UR plans, and MCE studies must be performed by registered nurses licensed in the State of Alabama.

4.2 ADMISSION AND CONTINUED STAY CRITERIA

- a. Requirement
42 CFR 456.121-456.137 requires hospitals to perform admission and continued stay reviews on all inpatient hospital admissions. Contractor will be required to review a sample of these records to ensure that criteria were correctly applied. The criteria to be utilized on claims with dates of service through March 31, 2009 will be Medicaid's approved Adult and Pediatric Inpatient Care Criteria (Attachment D). Beginning April 1, 2009, approved InterQual criteria will be implemented and utilized.
- b. Sampling
 - (1) Reviews are required on a 10% sample of each hospital's Medicaid admissions.
 - (2) Every hospital must be reviewed quarterly.
 - (3) Reviews will be based on a quarterly calendar year from January to December.
 - (4) Samples are to be based on dates of service.
 - (5) A physician advisor must be available to review charts that are deemed questionable as to the appropriateness of the admission or continued stay by the nurse reviewer. These charts are considered 'referred' charts.
- c. Timeframes
 - (1) The first chart reviews will be performed December 2008 and will be based on dates of service July 2008 through September 2008.
 - (2) A report to Medicaid will be expected within 45 days of the month the reviews were performed (February 15, 2009).
 - (3) The next review will be performed April 2009 and will be based on dates of

service October 2008 through December 2008.

- (4) A report will be due to Medicaid within 45 days of the month the reviews were performed (June 14, 2009).
- (5) This quarterly rotation will be expected on all reviews thereafter.

d. Report of Findings

The Contractor will be required to submit a quarterly report of findings to include:

- (1) Utilization review problems, quality concerns, and any patterns present.
- (2) Any problems that are found will be tracked noting final dispositions.
- (3) Deficiency occurrence reports on each hospital reviewed summarizing a review of deficiency occurrence reports on each hospital with summarization of issues and identification of any corrective action implemented.
- (4) The report should contain charts and spreadsheets explaining in detail what was noted in the quarterly review.

e. Claim Recoupment

The following may be subject to recoupment:

- (1) Admissions that have been approved by any hospital in error that did not meet approved criteria.
- (2) Records not available upon request by Contractor for retrospective review.

The Contractor will notify the Agency as part of the quarterly findings spreadsheet and a recoupment will be initiated by Medicaid Program staff.

4.3 INTERNAL UTILIZATION REVIEW PLANS

a. Requirement

42 CFR 456.100 – 456.145 requires hospitals to have an internal utilization review (UR) plan that provides for reviews of each recipient's need for the services that the hospital furnishes. Contractor will be required to review each hospital's UR plan to ensure that it meets federal requirements. Contractor will be responsible for keeping on file a current copy of the UR plan reviewed.

b. Sampling

- (1) Contractor will be expected to obtain and maintain 100% of the plans from all hospitals on an annual basis.
- (2) A 50% scheduled sample of these plans will be reviewed by Contractor in order to ensure that every hospital will be reviewed at least every two years.

c. Timeframes

- (1) Contractor will be expected to send Medicaid a current list of 100% of hospitals utilization review plans that includes the names of the hospitals of the 50% of plans which were reviewed.

- (2) The plans must be obtained and collected by February 1st of every year and reviewed within 45 days of receipt.
- d. Report of Findings
 - (1) Each hospital should receive notification of approval or disapproval of UR plans upon satisfaction of all CFR requirements for the content of the plans.
 - (2) The Contractor is required to submit to Medicaid by April 1st of each year a spreadsheet documenting that a current UR plan was received from each hospital and that a 50% sample of hospital UR plans were reviewed and approved.
- e. Unsatisfactory Plans
 - (1) Contractor will be responsible for follow-up of any omission or conflict with any federal regulations.
 - (2) Contractor will notify Agency of non compliance problems.

4.4 MEDICAL CARE EVALUATION (MCE) STUDIES:

- a. Requirement

According to 42 CFR 456.141-145, each hospital must have at least one MCE study in progress at any time and must complete one study each calendar year. The purpose of a MCE study is to promote the most effective and efficient use of available facilities and services, to emphasize identification and analysis of patterns of care and suggest appropriate changes needed to maintain high quality patient care and efficient use of services.
- b. Sampling
 - (1) Contractor will be expected to obtain one completed MCE study from 100% of hospitals on an annual basis.
 - (2) A 50% scheduled sample of these studies will be reviewed annually
Ensuring that every hospital is reviewed at least once every two years.
- c. Timeframes
 - (1) Contractor will be expected to send Medicaid a current list indicating that an MCE study has been received from 100% of hospitals that includes the names of hospitals of the 50% review.
 - (2) Studies must be obtained and collected by February 1st of every year and reviewed within 45 days of receipt.
- d. Report of Findings
 - (1) Each hospital should receive notification of approval or disapproval by Contractor of one MCE study each year.
 - (2) The Contractor is required to submit to Medicaid by April 1st of each year a spreadsheet documenting that a completed MCE Study was received from

each hospital and that another is in progress; also that a 50% sample of hospital MCE Studies were reviewed and approved.

- e. Unsatisfactory MCE Studies
 - (1) Contractor will be responsible for follow-up of any omission or conflict with the CFR.
 - (2) Contractor will notify Agency of any non compliance problems.

4.5 PROCEDURE MANUAL

- a. Requirement

Contractor shall develop a policy and procedure manual describing how the requirements of this ITB will be conducted. The procedure manual must address all elements of the review process, including model letters and review instruments. Also included in the manual will be how corrective action plans and timeframes will be followed up.
- b. Timeframes

The manual will be due to Medicaid within 30 days of contract award and updated as needed. Upon Medicaid approval, the manual will be made available to all hospitals and posted to the Contractor's and Medicaid's website.

4.6 RECONSIDERATIONS

Any provider who is dissatisfied with Contractor's decision or if a provider has not met requirements shall be entitled to a reconsideration of the determination.

- a. Contractor must develop a procedure for all reconsiderations.
- b. All reconsideration reviews shall examine: all relevant evidence in the record regarding services requested; and any new documentation by the hospital.
- c. Contractor shall make a determination upholding, modifying, or reversing the denial of payment for requested services taking into consideration any additional new information that may be presented in the reconsideration.
- d. A decision shall be made available to the hospital provider by fax, phone or mail.

4.7 INTERQUAL CRITERIA

- a. Requirement

Effective April 1, 2009, the Agency will begin utilizing approved InterQual Criteria. Contractor will be required to work extensively with the Agency and hospital providers to ensure a smooth transition. Contractor will be required:

 - (1) to compare existing Medicaid policies to InterQual criteria and make recommendations for changes to avoid conflicts,

- (2) to convene and chair a committee of hospital representatives, ALAHA representatives, Medicaid staff and InterQual staff to identify potential issues.
 - (3) to be responsible for any cost associated with the purchase of review criteria.
 - (4) to provide the Agency with a complete set of criteria annually.
- b. Timeframes
The deadline for all policy changes will be February 9, 2009. This will give the Agency time to notify providers, initiate system changes, and update policy manuals. Contractor will send Medicaid a report twice a month that includes any policy identified that conflicts with Medicaid policy and any other problems identified prior to and after implementation of approved InterQual criteria.

4.8 MEDICAID'S RESPONSIBILITIES

The Agency will provide oversight of Contractor's activities as follows:

- a. Medicaid will provide a random sample audit of charts that have been reviewed by Contractor.
- b. Medicaid will include in the audit a review of referred charts.
- c. Medicaid will provide policy changes to Contractor as soon as they are made.
- d. Medicaid will provide the names and addresses and NPI numbers of all instate and border hospitals.
- e. Medicaid will monitor and evaluate Contractor compliance with the requirements of the contract and impose sanctions when necessary.
- f. Medicaid will conduct a review of all materials submitted to the Agency by the Contractor within 5 working days of receipt.
- g. Medicaid will provide a query of inpatient hospital admissions to Contractor on a monthly basis. The query will include: diagnoses, revenue codes, dates of service, and other information Contractor will need in order to perform chart reviews.